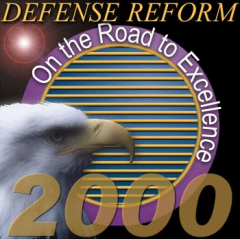


# *DEFENSE REFORM*

On the Road to Excellence

2000





# ***What is Defense Reform?***

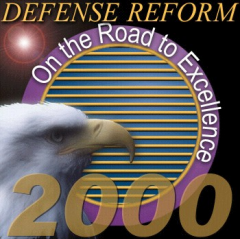
- **Mechanism for change**
- **Process to improve business efficiency and reduce overhead costs**
- **Effort to adapt practices already proven in US Industry**



# ***What is the Purpose of Reform?***

***Consistent with Quadrennial Defense Review and the National Partnership for Reinventing Government, the Defense Reform Initiative has three principal purposes:***

- **Capture the innovation and energy of our warfighters and apply it to the business side of DoD**
- **Increase Departmental efficiencies and apply resultant savings to modernization of our fighting forces**
- **Present a commercially friendly interface to our contractors and suppliers to make it easier and cheaper to compete for the Department's business**



# ***Defense Reform - The Budget***



## ***Congress plussed-up DoD in FY99 & 00***

- President's FY2000 budget request added \$112B for FY2000-2005
- Potential Congressional increase to FY2000 Defense Budget above the President's request for the Emergency Supplemental Appropriations Bill
- President's FY2001 budget request adds another \$4.8B in FY2001

***"This is not a short term effort simply to save money; but rather a long-term transformation that fundamentally reorients mindsets throughout this department."***

**Secretary of Defense Cohen, February 25, 2000**

# Reform - Why Do We Need It?

- Bring Best Commercial Practices to DoD
- Improve Efficiency of the Department
- Reduce Overhead and Support Structures
- Apply Associated Savings to Modernization



**Defense Reform**

*The World Situation Has Changed*

*The Department Needs to Change*





# ***Scope of DRI (1 of 5)***

## ***Adopting Best Business Practices***

- **Reengineering people intensive processes**
- **Significantly reducing the use of paper**
- **Increasing emphasis on electronic commerce making it easier to be a DoD supplier**
- **Partnering with industry to address electronic commerce issues of common concern**
- **Using the Government Purchase Card for 90% of items \$2500 or less**
- **Establishing the Defense Travel System to reduce costs and improve service**

# Scope of DRI (2 of 5)

## *Quality of Life*

- Increasing pay and retirement for Service members
- Shifting travel burdens from the traveler to the Government
- Eliminating out of pocket housing costs for Service Members

## *Competitive Sourcing*

- Committed to A-76 and increasing the number of functions competed
- Expected savings: \$11.7B over next seven years, \$3.5B annually thereafter

## *Infrastructure*

- BRAC discussions continue
- Demolishing unneeded buildings



# ***Scope of DRI (3 of 5)***

## ***Financial Management***

- **Implement more effective financial management systems and streamlining processes**
- **Reengineer financial management business practices**
- **Improve financial management framework**
- **Improve Defense Working Capital Fund (DWCF)**
  - **Implement Task Force recommendations**
- **Consolidating and standardizing finance, accounting and feeder systems**
- **Working toward audible financial statements**



# ***Scope of DRI (4 of 5)***

## ***A Vision for the 21st Century Acquisition System and Workforce***

- **Reduce acquisition cycle time to quickly field products**
- **Reduce total ownership costs - increase dollars for modernization**
- **Reduce RDT&E infrastructure costs**
- **Improve how we train and educate the acquisition workforce**

### ***Transforming Logistics - "Agile, Rapid and Precise"***

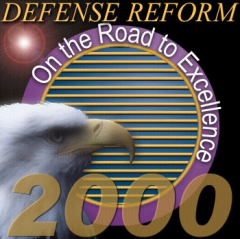
- **Integrated supply chain by 2006, focusing on meeting warfighter requirements at point of need**
- **Improve customer service**
- **Reduce logistics response time by measuring customer wait time**
- **Reduce overall logistics costs**



# ***Scope of DRI (5 of 5)***

## ***Taking Advantage of Cyberspace Without Becoming Vulnerable***

- **DoD-wide electronic environment by 2010**
- **Develop “defense-in-depth” strategy to ensure network security and information protection**
- **Update security policies/procedures**



# ***Why Can't We Reform Faster?***

- **Change requires education**
- **Change requires cooperation among the stakeholders**
- **Change must overcome fears and concerns must be addressed**

**We must balance the need for aggressiveness with the requirement to get reform accomplished**



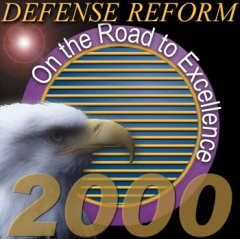
# ***Who is Leading the Reform Effort?***

## ***Defense Management Council***

- **Focus Senior Leadership**
  - **“Board of Directors”**
- **Provide oversight of initiatives**
- **Formulate proposals for additional initiatives**

***“By adopting proven change management concepts in implementing the DRI program, DoD has addressed some of the obstacles that have limited the success of past reform efforts.”***

**- GAO Report to the House of Representatives, April 1999**



# ***How is Reform Communicated?***

- **SECDEF Communications on Defense Reform**
  - Press Conferences**
  - News Releases**
  - Video Messages**
  - Special Emphasis**
- **Defense Reform Website**
  - Detailed information linked to DoD reform programs
  - Avg 10,000 hits per week
- **CD-ROM - Electronic Updates on the DRI**
  - First released March 1999 - - over 2000 distributed to date
  - Next CD-ROM update due June 2000
- **DRI Checkpoint 2000: On the Road to Excellence**
  - Live satellite broadcast
    - DEPSECDEF and Senior DoD Leaders
    - Over 23,000 viewers, call-ins, fax, e-mail

*The key to changing a culture is to inform, educate*



# ***What Can You Do?***

## ***Be an agent for change. . .***

- **Learn about the benefits of reform**
- **Be open to change**
- **Foster involvement and ownership**
- **Communicate**
- **Diffuse turmoil**
- **Look for best practices**
- **Partner for excellence**



# ***How Can You Contact The DRI?***

**Come visit our web site at:**  
**[www.defenselink.mil/dodreform/](http://www.defenselink.mil/dodreform/)**

**E-mail us your lessons  
learned/success stories**

**Or phone us at:**  
**(703) 614-7523**



# Summary

- We must meet the challenges of the 21st Century
- Focus on adapting US Industry business improvements to meet DoD requirements
- Defense Reform works best when we all work reform

***“Our success to date doesn’t mean our task is complete. On the contrary, so long as inefficient practices exist, Defense Reform will remain one of my highest priorities. I ask that it remain one of your highest priorities as well.”***

**Secretary of Defense Cohen, February 25, 2000**

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